

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 INT-05 /062 R

EXIMBANK

DRAFTED BY XMB: L M LAROCHE:CR
APPROVED BY EB/IFD/ODF:MVCREEKMORE
XMB: C NORRIS
EUR/SE:JHMORTON (INFO)
EUR/CE:RBCASAGRANDE (INFO)
-----081761 270247Z /61
P R 262230Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
AMEMBASSY BONN
INFO AMCONSUL ISTANBUL

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E.O. 11652: GDS

TAGS: EFIN, TU

SUBJECT: FOURTH STEEL MILL, GERMAN ASSISTANCE TO TURKEY

1. KAISER ENGINEERS IS COMPETING WITH KRUPP OF GERMANY,
AND POSSIBLY A JAPANESE FIRM, TO PROVIDE ENGINEERING SER-
VICES FOR A FOURTH INTEGRATED STEEL COMPLEX TO BE LOCATED
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AT SIVAS, TURKEY.

2. IN FEB 1977 EXIMBANK APPROVED A MEDIUM-TERM GUARANTEE
TO MELLON BANK FOR DOLS. 560,000 ON A DOLS. ONE MILLION
(I.E., 70 PERCENT COVER ON DOLS. 800,000 FINANCED PORTION
AFTER 20 PERCENT CASH PAYMENT) BID BY KAISER FOR A CON-
TRACT TO PERFORM FEASIBILITY STUDY. KAISER REPORTS THAT
TURKS ARE NOW ASKING IT AND OTHER SHORT-LISTED FIRMS TO

SUBMIT PROPOSAL TO DO COMPLETE PROJECT ENGINEERING AND PROCUREMENT SUPERVISION, WHICH, FYI, COULD RUN UP TO DOLS. 10 MILLION. CONTRACT EXPECTED TO BE AWARDED IN ABOUT ONE MONTH.

3. EXIM STAFF ADVISED KAISER THAT IT COULD NOT ENCOURAGE SUBMITTING PRELIMINARY COMMITMENT (PC) APPLICATION TO ASSIST IN FINANCING OF LARGER CONTRACT AT THIS TIME IN LIGHT OF CURRENT TURKISH ECONOMIC SITUATION. HOWEVER, KAISER ALLEGES GERMAN SUPPORT CONSISTING OF MIX OF HERMES-

KREDIT COVER AND GOV-TO-GOV LOAN. BANK IS QUERYING HERMES AND EID/MITI OF JAPAN REPOSSIBLE EXPORT CREDIT SUPPORT IN EFFORT AT LEAST TO HELP OBTAIN FOR KAISER WHAT INFO IT CAN ON COMPETITION AND FINANCING.

4. KAISER REPS NOW IN ANKARA SENT WORD OF QUOTE CURRENT REPORTS UNQUOTE OF GERMAN OFFER OF OVERALL CREDITS INCLUDING POSSIBLE RETURN OF SOCIAL SECURITY PAYMENTS BY TURKISH WORKERS IN GERMANY IN AMOUNT OF DM 10 BILLION (APPROX. DOLS. 4.4 BILLION). AMOUNT APPEARS EXTRA-ORDINARILY HIGH, BUT EVEN IF ONLY PARTLY TRUE, DEVICE COULD BE ANOTHER WRINKLE IN GERMAN EFFORTS TO ASSIST TURKEY, CONSISTENT WITH PREVIOUSLY REPORTED BUNDESBANK ADVANCES AGAINST FUTURE WORKERS' REMITTANCES. ALSO, ANY LIMITED OFFICIAL USE

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SUCH AMOUNT MIGHT REPRESENT UPPER LIMIT - PERHAPS OF ACCUMULATED PAYMENTS OVER TIME - WHICH GERMANS MIGHT OFFER TO MAKE PAVAILABLE IN PART, PERHAPS IN PHASED TRANCHES.

5. ANKARA AND BONN REQUESTED, WITHOUT INITIATING INQUIRIES, TO REPORT WHETHER OF THEIR OWN KNOWLEDGE ANY INFORMATION IS AVAILABLE ON (A) GENERAL AVAILABILITY OF FRG FINANCIAL ASSISTANCE TO GOT, (B) SPECIFICALLY IN FORM OF ALLEGED REMITTANCE OF SOCIAL SECURITY PAYMENTS, (C) WHETHER ANY SUCH ASSISTANCE IS OR WOULD BE LIKELY TO BE MADE AVAILABLE FOR THIS PARTICULAR PROJECT OR SIMILAR PROJECTS, AND (D) IF SO, WHETHER IT MIGHT BE MIXED WITH HERMES EXPORT CREDIT GUARANTEES. IS ANYTHING KNOWN ON AMOUNT, REPAYMENT TERM, AND INTEREST RATES, SEPARATELY AND BLENDED?

6. IF INFO NOT IMMEDIATELY AVAILABLE, DO EMBASSIES HAVE ANY SUGGESTIONS ON HOW TO DEVELOP INFO WITHOUT TIPPING KAISER'S HAND?

7. DOES ANKARA KNOW OF ANY POSSIBLE DEFERMENT OF THIS AND OTHER PROJECTS DUE TO FOREIGN EXCHANGE CONSTRAINTS?

EXIM STAFF ADVISED KAISER OF THIS POSSIBILITY, RECOMMENDING THAT THEY PLAY FOR TIME, BUT ANY SUCH FRG FINANCING OFFER WOULD UNDERCUT SUCH TACTICS.

8. EXIM ALSO COUNSELING KAISER TO HAVE REPS CONSULT DIRECTLY WITH EMBASSY ANKARA IF THEY HAVEN'T ALREADY DONE SO. CHRISTOPHER

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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To: ANKARA BONN MULTIPLE
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